

Language describing Nevada price formulas

Nevada Administrative Code establishes a framework for setting the minimum prices that each processing plant will pay to producers each month, based on prices for skim milk and butterfat for each of three classes of use. Each plant's minimum price to producers is a weighted average, or "individual plant pool." (NAC 584.6432, 1.(a))

The following is intended to translate NAC language and prior practice into clear narrative formulas for Nevada's class prices, consistent with the attached Nevada milk price spreadsheet calculations. Wherever possible, relevant citations to Nevada Administrative Code (NAC) and the Code of Federal Regulations (CFR), are included.

1. For the Northern Nevada Marketing Area per NAC 584.6482, revised by the Nevada Milk Commission, effective November 2018, to apply a \$1.70 per hundredweight (100 pounds) location differential in Washoe and Churchill Counties:
 - a. For Class I milk and butterfat:
 - i. The Class I skim milk price per hundredweight is equal to the Class I skim milk price under the Federal milk marketing orders (7 CFR 1000.50 (b)), incorporating the location differential of \$1.70 per hundredweight as defined for Washoe and Churchill Counties (7 CFR 1000.52). (This is equal to the 'base skim milk price' announced for the month by USDA, plus \$1.70 per hundredweight.)
 - ii. The Class I butterfat price per pound is equal to the advanced butterfat price under the Federal milk marketing orders (7 CFR 1000.50 (q)(3)) plus 1.7 cents per pound.
2. For the Southern Nevada Marketing Area, per NAC 584.6482, applying a \$1.40 per hundredweight class differential determined by the Nevada Milk Commission:
 - a. For Class I milk and butterfat:
 - i. The Class I skim milk price per hundredweight is equal to the Class I skim milk price under the Federal milk marketing orders (7 CFR 1000.50 (b)), incorporating a location differential of \$1.40 per hundredweight. (This is equal to the 'base skim milk price' announced for the month by USDA, plus \$1.40 per hundredweight.)
 - ii. The Class I butterfat price per pound is equal to the advanced butterfat price under the Federal milk marketing orders (7 CFR 1000.50 (q)(3)) plus 1.4 cents per pound .
3. For both Nevada Marketing Areas, per NAC 584.6482, and as revised by the Nevada Milk Commission,
 - a. For Class II milk and butterfat:
 - i. The Class II skim milk price per hundredweight is equal to the Class IV advanced skim milk price under the Federal milk marketing orders (7 CFR 1000.50 (q)(2)) plus 30 cents per hundredweight.
 - ii. The Class II butterfat price is equal to the butterfat price under the Federal milk marketing orders (7 CFR 1000.50 (l)) plus 0.3 cents per pound.
 - b. For Class III milk and butterfat:
 - i. The Class III skim milk price is equal to the higher of the Class III or Class IV skim milk prices under Federal milk marketing orders (7 CFR 1000.50 (i) & (k)).

- ii. The Class III butterfat price is equal to the butterfat price under the Federal milk marketing orders (7 CFR 1000.50 (I)).
4. For all prices, the announced price for milk at 3.5 percent butterfat is equal to .965 times the applicable skim milk price, plus 3.5 times the applicable butterfat price.

For the USDA advanced prices, announced before the 24th of the month for the forthcoming month, incorporated into Nevada advance pricing per NAC 584.5554, see:

<https://usda.library.cornell.edu/concern/publications/ms35t8620?locale=en>

For the USDA component values, announced on or before the 5th of the following month, incorporated into Nevada final pricing per NAC 584.5572, see:

<https://usda.library.cornell.edu/concern/publications/rb68xb84x?locale=en>

For use classifications under Nevada Code, see NAC 584.5565.